



UNIVERSITI PUTRA MALAYSIA

PROJECT: CASE-MANAGEMENT IN CHAOS

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DISCLAIMER

I hereby certify that the above project of case titled “Management in Chaos” is a piece of my original work and it has never been published before.

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PART ONE

1.0 INTRODUCTION

1.1 Annual Sales Meeting

Drew Ameroid (M) Sdn Bhd usually organized a three days annual sales meeting in a holiday resort after the end of their fiscal year. During the annual sales meeting of Drew Ameroid (M) Sdn Bhd for 1997, the Vice President of Drew Ameroid from U.S. Mr. John Town announced a new incentive scheme named 'Loyalty Bonus' to retain experience employees.

The Loyalty Bonus was an addition to the normal bonus scheme. This Loyalty Bonus scheme was payable in 1999 and was in the form of an additional three months' bonus on top of the normal bonus. The normal bonus scheme consisted of two months contractual bonus and the variable performance bonus based on company performance. The Loyalty Bonus was only applicable to employees that had served more than one year.

Mr. John Town also announced the restructuring of the company with the appointment of a Sales Manager and a Sales Development Manager. Both of them were promoted from the post of Area Managers. There were three Area Managers prior to the restructuring exercise.

The Sales Manager, Mr. Anthony Liew was responsible for the overall sales turnover and profitability of the company while the Sales Development Manager, Mr. Alex Yong was responsible for securing new major customers and the supply and delivery department. The supply and delivery department handled the all the purchases of the company and responsible for

the delivery of customers' purchase orders. It was announced that the remaining Area Manager, Mr. Cliff Tan was to report to the newly promoted Sales Manager, Mr. Anthony Liew.

Mr. Cliff Tan had a very good track record in sales. In 1996, he was awarded the best manager award. East Malaysia was the territory that Cliff was covering and he had two Senior Engineers and one secretary helping him. Mr. Cliff Tan was a West Malaysian being based in Drew's Sabah office and he lived with his spouse who was a Sabahan

There was also a promotion of an Industrial Specialist, Mr. Askahaar to the position of Territory Manager about twelve months ago. The other Senior Engineer, Mr. Rocky Lee who was not promoted confronted the General Manager, Mr. Alfred Lim during the 1996 annual sales meeting and subsequently was promoted without much announcement.

1.2 Last Day Of Meeting

On the last day of the sales meeting, Mr. Alfred Lim held a separate meeting with the sales department. All sales personnel were told to attend but Mr. Cliff Tan did not show up despite earlier reminder from Mr. Alfred Lim and another reminder when he met Mr. Cliff Tan during the breakfast in the hotel where the meeting was held. The recent promoted Sales Manager, Anthony also called up Cliff's Secretary and asked her to inform Cliff regarding the meeting as he could not get hold of him.

The purpose of the meeting was to **alleviate** any concern of the restructuring and to gather any other comments regarding the sales meeting. The meeting went ahead in the absence of Cliff Tan and Alex Yong. Alex Yong excused himself earlier as his wife was due for birth.

During this meeting, Mr. Rocky Lee, a recently promoted Territory Manager voiced up on the dissatisfaction of the new recruits in front of everybody including the recruits who were not entitled for the 'Loyalty Bonus'.

The issues get out of hand when one recruit, Mr. Thom Tan questioned the General Manager on the reasons of the decision why recruits who had served less than one year were not entitled for this 'Loyalty Bonus' scheme. Thom Tan was marginally disqualified as he worked with Drew Ameroid (M) Sdn Bhd for slightly less than one year. The General Manager, Mr. Alfred Lim evaded the question by telling all the recruits that there might be another scheme to be declared later on. The meeting ended shortly and everybody went back to their room to pack for checkout.

As Anthony walked out of the meeting room, he met the Account Executive, Jane Ng. Jane was with the company half year longer than Anthony

Anthony : "Jane, any idea what happened to Cliff? I have been calling him through his handphone and it seemed that he has off his handphone."

Jane : "I don't know."

Anthony : "Is there anything to do with my promotion?"

Jane : “No, I guess he was upset.”

Anthony : “Upset that he was not promoted !”

Jane : “ Not really. He is upset that Alex was promoted.”

Two years ago, the previous Area Manager left the company and there were no potential candidate in East Malaysia. The previous General Manager came up with a proposal to promote either Alex or Cliff as both of them had been working in Sabah before and were transferred them back to West Malaysia on their unrelenting request after working there for a while. Cliff accepted the challenge and was promoted to Territory Manager. After Cliff was based in Sabah, the promotion announcement also included the promotion of Alex. Only Alfred Lim and John Lau know what actually happened. The rumor was that Alex’s previous Manager who was the Operation Manager objected very strongly that Alex was not promoted.

Later in the lobby, Jane meet Lolly Kim, the S & D Executive;

Jane : “There are so much of problems even Anthony was promoted. I could not imagine if Alex was promoted to Sales Manager.”

Lolly Kim : “ My goodness, Alex is my Manager now. Why are they doing it to me. I don’t think I can work with him.”

Jane : “I don’t think I can work with him either.”

Thom Tan was in the Hotel lobby while waiting his turn to checkout, he talk to the accountant of Drew Ameroid, Mr. Lee who also happened to be there.

Thom Tan : “Mr. Lee, I do not understand why the company decided that the criteria of qualifying for the Loyalty Bonus is minimal of one year service rather than any other criteria.

Mr. Lee : “Tan, I don’t really know. This is for the Board of Directors to decide and may be, who knows, they might declare another scheme next year.

In another corner, the Account

In another conversation of the General Manager with the Sales Manager, the General Manager told the Sales Manager;

Mr. Alfred : “We really had missed out Thom Tan. Anyway, sales personnel could possibly contribute to the growth of the company only after working with the company for about one year. They would need at least six months to get familiarized with their customers and another few months before they can get in any new business.”

Anthony Liew : “Well, it takes some time for them to learn the rope. For Thomas, I think we must do something about it .”

Mr. Alfred : “I am disappointed with Rocky. He is now a Territory Manager but still behaved like the rest of the Engineers. He needs to behave like a Manager”

Mr. Alfred : “Precisely, in state of helping the Engineers, he is adding salt to the wounds and he could still be thinking that he had done a great job for the Engineers. I think it is best that you talk to him rather than I to avoid further aggravation of the matters.

Anthony Liew: “Okay.”

Before Mr. Alfred Lim checkout from the hotel, the Area Manager, Mr. Cliff Tan called him on his intention of resignation with immediate effect and hanged up the phone without giving any opportunity for Mr. Alfred Lim to salvage the situation. Before he left for Singapore, Mr. Alfred Lim asked, Mr. Anthony Liew, the Sales Manager to meet up with Mr. Cliff Tan immediately to persuade him to stay.

Alfred : “We are having a crisis. Whether the company is going to achieve the modest target depends on Cliff. You must talk to him. He was the one complained that there was no General Manager and he even suggested to me that you are the most qualified person to take over the job. Now you are promoted and he was not. We can’t be promoting every Manager or else we would come back to square one.”

Anthony : “May be he was upset that Alex was promoted and he wasn’t.”

Alfred : “I know he still have some respect for you. You must talk him out of this and I don’t know what he wants now.”

Anthony : “I will try to see him before he goes back to Sabah.”

Alfred : “ Meet him in Sabah if it needs be.”

2.0 BACKGROUND OF THE COMPANY

Drew Ameroid (M) Sdn Bhd was in the business of sales and services of boiler water treatment, cooling water treatment and waste water treatment. The company started its operation in Malaysia since 1974 as a wholly owned subsidiary of Drew Ameroid (S) Pte Limited. Drew Ameroid (S) Pte Limited was in turn owned by Drew Industrial Division, Ashland Chemical, Inc. of United States.

Drew Ameroid (M) Sdn Bhd restructured its equity in 1989 in line with the National Economic Policy. The partner of the joint venture was Boustead Holding Bhd which was listed in the first board of Kuala Lumpur Stock Exchange. Drew Ameroid (M) Sdn Bhd selected this conglomerate as a strategy to capture the huge palm oil mills' market and strengthen its position. The objective was achieved as Felda was one of the shareholders of Boustead Holding (M) Sdn Bhd. The former General Manager, Mr. John Lau had been instrumental to the selection of the joint venture partner. From 1988, the business grew from 2.56 millions to 8.2 millions in 1996. Since then, the number of sales and service personnel increased from 7 to 15 personnel.

EXHIBIT 1

	EQUITY RESTRU CTURING						
	BEFORE EQUITY RESTRUCTING				AFTER EQUITY RESTRUTURING		
YEAR	1985	1986	1987	1988	1989	1990	1991
SALES RM,000,000.00	1.70	1.77	2.12	2.56	3.05	4.40	4.95
% INCREASE	5.1%	4.5%	19.6%	20.8%	19.1%	44.3%	12.5%

2.1 VISION AND MISSION STATEMENT

Since Drew Ameroid (M) Sdn Bhd was a subsidiary of Ashland Chemical, the Vision and Mission Statement had always been the same as Ashland Chemical. The name of Ashland Chemical had always been used together with the name of Drew Ameroid.

2.1.1 VISION STATEMENT:ASHLAND CHEMICAL

“Ashland Chemical Company is a profitable, professional, growth oriented customer-driven team that supplies high quality products and services while maintaining sensitivity to our employees and community.”

2.1.2 VISION STATEMENT:CUSTOMERS

“Ashland Chemical Company is dedicated to achieve mutually profitable relationships with our customers and suppliers by providing quality products and services on time and consistently, and by remaining constantly aware of changing customers needs.”

2.1.3 VISION STATEMENT:COMMUNITY

“Ashland Chemical Company is an active and responsible member of the community in which we operate. We obey all laws and regulations governing our operations and work in a manner that ensures the safety of our employees, our community, and our environment.”

2.1.4 VISION STATEMENT:EMPLOYEES

“Employees are our most valuable asset. We are committed to hire, train, develop, and reward people who are enthusiastic, intelligent, hardworking, team players dedicated to the company’s success.”

2.2 MISSION STATEMENT:DREW INDUSTRIAL DIVISION. INTERNATIONAL

“We will provide superior quality water-based fluid treatment products and services that enable our customers to improve the way they do their business.”

2.3 VISION STATEMENT:DREW INDUSTRIAL DIVISION. INTERNATIONAL

“To grow international operations at rate exceeding the growth of the markets in which we participate, to enhance the division Return Of Investment, and to increase international ROI as a percentage of the division’s profit.”

3.0 COMPANY PROFILE OF DREW AMEROID (M) SDN BHD

3.1.1 COMPANY'S OPERATION AND EQUITY RESTRUCTURING

Drew Ameroid (Malaysia) Sdn Bhd started its operation as a fully owned subsidiary of Drew Chemical Corporation, USA in 1974. Drew Chemical Corporation was one of the largest water treatment company in the world with operation in more than 50 countries.

In compliance with the New Economic Policy, Drew sold 50% of its equity to a Malaysian company, Boustead Holdings Berhad in 1988. Boustead was a public listed company with a market capitalization of RM500 Million. Drew Malaysia was the largest water treatment company in Malaysia with a market share of over 30%.

3.1.2 DREW'S CAPABILITIES

Expert field service personnel, broad knowledge and innovative technology formed the backbone of Drew's service capabilities. Chemicals and services were supplied for:

- Boiler Water Treatment
- Cooling Water Treatment
- Waste Water Treatment
- Fuel Oil Additives
- Cleaning and Maintenance Products

Supporting these activities was the main research and development laboratories in Boonton, New Jersey, USA and laboratories in Canada, Japan, Netherlands, UK and Singapore. Manufacturing facilities were located at Belgium, Canada, Netherlands, Japan, UK, USA and Singapore.

3.1.3 Products

<u><i>Products Lines</i></u>	<u><i>No. of Products</i></u>
<i>Cooling Water Chemicals</i>	<i>30</i>
<i>Boiler Water Chemicals</i>	<i>20</i>
<i>Waste Water Chemicals</i>	<i>10</i>
<i>Fuel Oil Additives</i>	<i>10</i>
<i>Cleaning and Maintenance Products</i>	<i>10</i>
	<i>----</i>
	<u><i>80</i></u>

At the present moment, about 90% of these products were blended in Drew's manufacturing plant in Singapore while the balances were imported from USA. Drew planned to manufacture these products locally in the future, when there is economies of scale.

3.2.0 ORGANISATION

3.2.1 Local Technical Support

Drew Ameroid Malaysia was well with Engineers and Chemists strategically deployed all over Malaysia to provide after sales services to the customers.

<u>Technical Personnel's</u>	<u>Location</u>	<u>Qualification</u>
<i>Anthony Liew</i> <i>Sales Manager</i>	<i>Petaling Jaya</i>	<i>Chemist</i>
<i>Alex Yong</i> <i>Sales Development. Manager</i>	<i>Kl uang</i>	<i>Chemist</i>
<i>Cliff Tan</i> <i>Area Manager</i>	<i>Kota Kinabalu</i>	<i>Chemist</i>
<i>Nor Askahar</i> <i>Territory Manager</i>	<i>Kertih</i>	<i>Engineer</i>
<i>Rocky Lee</i> <i>Territory Manager</i>	<i>N. Sembilan</i>	<i>Chemist</i>
<i>Christopher Yan</i> <i>Senior Engineer</i>	<i>Johor Bahru</i>	<i>Engineer</i>
<i>Danny Tie</i> <i>Senior Engineer</i>	<i>Sibu</i>	<i>Chemist</i>

<i>Pete Chong</i>	<i>Kota Kinabalu</i>	<i>Engineer</i>
<i>Senior Engineer</i>		
<i>Mike Lam</i>	<i>Penang</i>	<i>Diploma</i>
<i>Senior Engineer</i>		
<i>Thom Tan</i>	<i>Malacca</i>	<i>Biotechnologist</i>
<i>Area Engineer</i>		
<i>Kenny Ee</i>	<i>Petaling Jaya</i>	<i>Engineer</i>
<i>Area Engineer</i>		
<i>Larry Ler</i>	<i>Kluang</i>	<i>Engineer</i>
<i>Area Engineer</i>		

3.2.2 Regional Technical Support

Apart from the technical personnels from Drew Ameroid (Malaysia) Sdn Bhd, the following technical personnel's from Drew's regional office in Singapore made regular visits to the customers' plants.

<i>John Town</i>	<i>Singapore</i>
<i>Regional Vice President - Far East</i>	
<i>Alfred Lim</i>	<i>Singapore</i>
<i>Regional Director - Far East</i>	

Harry Moff

Singapore

Regional Marketing & Technical

Service Director - Far East

Attila Han

Singapore

Technical Manager

Larry Lau

Singapore

Senior Technical Specialist

Dr. Pius Ho

Singapore

Senior Technical Specialist

Besides, Drew's Senior Technical Personnels from USA will also be calling on Drew's customers in the Far East from time to time.

3.2.3 Delivery and Distribution

Drew Ameroid Malaysia had established a number of warehouses strategically located all over the country to better serve its customers. To further ensure that goods were delivered to site within days or sometimes within hours after the order were placed, Drew Ameroid Malaysia had a fleet of delivery trucks and vans supported by a team of highly experienced and efficient supply and delivery personnel.

3.3.0 DREW WATER TREATMENT SERVICES

3.3.1 Drew Technical Services

Drew's philosophy of treatment relates that they were not merely the supplier of treatment chemicals but in fact supply the results of that treatment. The client who has sought and accepted Drew's treatment programs, therefore, benefits from a solemn undertaking by Drew that they will provide the best service as necessary to completely fulfill the promises of performance made at the inspection and design stage of such a program.

Drew viewed that the plants and equipment that they had protected with their treatment represent not only a valuable investment of capital but they were playing a vital role in the development of their country's economy. Drew, therefore, see their role not just as a supplier of chemicals but also a CO-guardian of these valuable national assets. In addition Drew tried wherever possible to put into the hands of the users whatever technology available at their disposal.

3.3.2 Survey of Plant

Wherever and whenever possible, Drew prefers to make a full survey of any plant to be treated before making a proposal. On those occasions when they did not have this opportunity, Drew would supply the chemicals requested by their clients. In these cases, during the initial service periods, a survey would be carried out with a view to amend the program if it was necessary.

3.3.3 Service Support

From the moment an order for chemicals was placed upon Drew Ameroid, the order will receive every attention so that it may be expected promptly.

3.3.4 Details of Services Offered

(a) Start-Up Service

During the start-up period, Drew's Representatives would be present on site to ensure that all Drew programs were initiated to the fullest satisfaction of the supplier and the client.

Drew would also provide assistance with the installation and start-up of dosing equipment. Assistance and training with the establishment of test routines would also be provided to enable the plant to control the treatment programs. In addition, Drew always collaborate with inspection personnel in setting up monitoring devices to quantify performance of the treatments.

Drew maintain a presence on-site until the treatment program was underway to the satisfaction of both client and Drew and then only gradually back off to the service level on "routine service" and "non-routine" service as outlined below.

(b) Routine Service

The Service Engineer would visit the plant regularly. During each visit, he would fulfill the following service functions:

- Check and inspect each system, plant and associated equipment being treated.
- Discuss with operators and plant working personnel performance or problems during the past week.
- Check operator's log sheets and compare these with prescribed operating limits.
- Take a full set of samples from one system and analyze these samples on site.
- Calibrate chemical dosing pumps to optimize chemical dosages.
- Relate results of the analysis to routine control tests as logged.
- Discuss with engineers and management the status of the treatment program.
- Prepare on each visit a detailed handwritten report and discuss the findings of the report with management, etc. Specify in writing on the report the course of action to be taken and the treatment for the oncoming period.
- Check and report any irregularities related to the treatment program.
- Ensure that adequate stocks of chemicals were maintained at site and that dosing and feeding equipment was performing satisfactorily.
- By verbal communication, promote interest and collaboration in the implementation of the treatment program.

(c) Non-Routine Service

On non-routine basis, but rather dictated by circumstances, the following service commitments were made:

- Seminars to orientate and train operators, supervisor, engineers and management in the need and technology of water treatment with the objectives of improving understanding and motivating interest in a satisfactory treatment program.